FDD Media Call: Previewing the G20 Foreign Ministers' Meeting

October 26, 2026
Featuring Elaine Dezenski and Max Meizlish
Moderated by Joe Dougherty

DOUGHERTY: Greetings, and thank you for joining us today for FDD's media call as we have experts to preview the upcoming G20 Foreign Ministers meeting in Atlanta, slated for October 30th and 31st. My name is **DOUGHERTY:**, senior director of comms here at FDD. We have a lot to go over today, so we're going to get right to it. Our experts today, Elaine Dezenski is senior director and head of FDD Center on Economic and Financial Power, an expert on geopolitical risk and economic statecraft. Elaine has held senior positions at DHS, the World Economic Forum, and Interpol. She is co-author of the recently published FDD book, Axis of Aggressors: Countering the Cooperation of China, Russia, Iran, and North Korea. Also joining us today is Max Meizlish. He is Deputy Director of FDD's CEFP, a former official with Treasury's Office of Foreign Assets Control. Max focuses on economic statecraft with an emphasis on sanctions, policy, and implementation.

Today's conversation is on the record. We will have time for question and answers at the end, and we'll provide a transcript and a link to the video after the call as soon as both are ready. Elaine, over to you to get us underway. Thank you.

DEZENSKI: Great. Thanks, Joe. Hey, everyone. Thanks for taking some time to join us this morning. As you know, on Friday and Saturday, Atlanta will host the foreign ministers of the G20 economies chaired by Secretary of State Marco Rubio. It's also worth noting that the quad foreign ministers from the U.S., India, Japan, and Australia will also meet on the sidelines. Our starting point in assessing what may happen at this meeting is less that it's a meeting and more that it's a test. The G20 is divided over China's economic practices, over Russia's war, and over the use of economic and financial systems as instruments of geopolitical competition. The U.S. presidency has narrowed the G20 agenda for this year, focusing on economic prosperity, energy security and technology, supply chains, and forced labor, and has shown that it will build coalitions outside of the G20 when consensus fails. The overcapacity statement signed by 15 economies on October 7th after the trade ministerial is a clear example of that.

So we suggest judging Atlanta by perhaps these three questions. The first is can the U.S. turn shared economic security concerns into cooperation with partners? The second is, does a joint text emerge? And if not, what might replace it? And third, what does the room tell us about the leader summit in Miami, which will take place in December? So let's start with the big picture, which we would describe as a contested economic order. The Atlanta meeting takes place within an environment of widening disagreement over the global economic order, and the right test is whether the U.S. can build cooperation with partners when all member consensus appears to be out of reach. From our perspective, three pressures drive that disagreement. One is China's non-market economic practices, the second, Russia's ongoing aggression, and the third growing use of economic and financial systems as instruments of geopolitical competition. The meeting offers a chance to assess whether the U.S. can turn shared economic security concerns into more meaningful cooperation with partners even without the consensus.

So that's the basic frame. What does the U.S. presidency want from these discussions? The State Department has said the meeting will advance shared priorities on economic prosperity, energy security, and technological innovation. Three priorities have come out so far, limiting regulatory burdens, unlocking affordable energy and securing supply chains and pioneering new technology. Secretary Rubio has called the approach a new G20 with a narrower agenda. The Leader's Summit in December will be a test to see whether the work over the last few months will result in something that is a consensus statement. There are two interesting pieces of who will be at the table. One, of course, is that South Africa has been disinvited. That is true for the Atlanta discussions as well, and Russia has now been invited to attend. We have not seen any confirmation of who will attend from Russia, whether that will be Lavrov or someone else. I expect we'll probably see something on that in the next day or two. We can talk a little bit more about that later if that's of interest.

On South Africa, I think this is absolutely a reflection of the frayed engagement between the U.S. and South Africa in a number of ways, it's diplomatic engagement, and concerns about South Africa's pivot towards deepening its relationship with Russia, with Iran, and with China. It's something we've written on extensively. Going into the conversation later this week, we expect that the question on overcapacity, China's economic model and the statement signed by 15 countries on the concern over overcapacity will continue to be of concern. I also want to point out that Mexico, Argentina, and the U.S. signed a separate U.S.-led statement on eliminating forced labor that also happened in October, and it was interesting that only three countries signed that. I expect that there will continue to be some conversation about that and pushing for more engagement.

Finally, let me just mention that we think coming out of this is an opportunity for collective economic statecraft. And what we're seeing today is a test of the real limits of these more traditional multilateral engagements to address global problems, particularly economic and trade problems that are proving to be incredibly complicated. So the statement signed by 15 countries, which concerns overcapacity is really a great example of this. Now, whether we'll see that conversation coming into a consensus document by December is going to be very telling, but whether we see that or not, I think there is now momentum for the conversation about overcapacity and what market economies need to be doing to address this challenge. And the first, of course, is acknowledging that we have a problem. So we can go into that in more detail as well, but those are some of the things that I wanted to lay out in the introductory framing and now happy to hand it over to Max for some additional comments. Thanks.

MEIZLISH: Thanks, Elaine. So I'll frame this out, I think, within the context of four priorities that reflect a lot of what Elaine was mentioning earlier. So one, the theme of industrial capacity, two, supply chain resilience, three, a conversation around sanctions and greater financial integrity, and then four, institutional durability surrounding multilateral organizations and forum like the G20. So one on industrial overcapacity, what we've seen throughout the process of the U.S. chairmanship of the G20 this year is growing reflection by the United States and other key trade partners and allies about the threat of Chinese overcapacity and non-market practices. It's very evident that there is this fracture happening in a very large scale and relatively quick pace, I think over the last year, particularly with a lot of European partners coming to realize the extent to which China's overcapacity is threatening their own domestic industry and veering into this space of undermining efforts to shore up capacity and create greater national security and resolve.

This relates to the supply chain resilience question. I think it actually does create a pathway potentially for the United States to engage with some of the partners that signed on to this ministerial statement led by the United States addressing over capacity and to build up not just on the ally-shoring developments, but also thinking about how do we respond to trade coercion by China. So it'd be very interesting to see if maybe in the background that's actually something that Secretary Rubio and some folks at the State Department are working. We've seen in recent months efforts by China to restrict rare earth exports. Japan is particularly vulnerable in this regard. And so not only do we have to create greater supply chain resilience, but I think that there's also a need for the United States and certain other partners to create a forum for actually responding to trade coercion.

And so I recommend that everyone on the call check out some of the products from CEFP that touch on the subject matter. The near global economy [See: A Gameplan for American Economic Security] is a report that was put out within the last year touching on various tools of U.S. economic statecraft that are both positive and coercive, addressing different challenges in this regard and thinking about the mechanisms the United States can actually do either through the G20 or through a select forum that don't require necessarily consensus by China. So there's this third pillar for the framing as well on sanctions and financial integrity. With Russia in the mix of things here, the G20, I think that this introduces a little bit of complexity for U.S. policy. Many of our allies and partners are likely viewing Russia's participation here as incoherent with the larger push by the United States to have statutory sanctions as implemented by Congress and then subsequently waived by the United States all the while when Europe is continuing to reduce its dependency on Russian hydrocarbons.

And then fourth is this institutional durability point, which is how the United States convenes and leads for the future. And so much of our work at CEFP is focused on this issue of the geopolitical fragmentation in the world, how to a large degree a lot of companies that are multinational but have roots in the United States and access to U.S. financial markets, intellectual property, benefit from U.S. rule of law, are going to increasingly have to view themselves as American whether they like it or not. And so that's going to create a basis for building greater partnerships in which the United States is going to be pushing for certain reforms, rules, regulations, efforts to harmonize across jurisdictions in a way that is probably going to accelerate some of the split between the United States and China in strategic sectors of the economy, but then also when it comes to just greater supply chain efficiency, perhaps in some benign consumer goods as well.

The interesting thing here from my perspective is that the G20 mechanism, it provides a great frame of reference for how things have evolved. And so we saw a lot of this actually be borne out by the trade statement. It highlighted how a decade ago when the G20 was meeting in China and there was a consensus statement about the overcapacity and China agreed to this, recognizing that over capacity, particularly with respect to steel, was a major concern for the global economy. But then fast-forward 10 years later and China is no longer agreeing to this concern even though it's still ever present. And so the question is why, right? Well, at the time there were a lot of manufacturing facilities and plants in China that were poor performing, and so China had a vested interest in using this political tool essentially to demonstrate

MEIZLISH: ... creates consensus in addressing the issue of overcapacity. But now when we know that China's entire model is built on being the exporter to the world, the manufacturer to the world, and creating supply chain dependencies, China's no longer willing to agree to this type of statement.

And so, I think this is important when we think about consensus. What is the value of consensus when perhaps we're dealing with an unreliable partner who's only going to be a party to these types of statements for a few years when it's politically convenient? When at the same time, we know the macroeconomic factors suggest that this geopolitical fragmentation is happening for a reason and it aligns with core economic security interests and also with the national security interests.

So there's a lot there. It's difficult to say what we can actually expect one way or another given the fact that the agenda is so broad in scope. There's a pathway for potential political commitments from some partners. What I think would be great is if we saw an effort, kind of like this ministerial statement to commit to some sort of communication pathway, perhaps sharing greater information about supply chain coercion in areas that are of strategic concern. And then also for the United States to build further harmonization with allies on matters such as outbound investment.

And so this is an area where the US Treasury has recently proposed some rules to strengthen US national and economic security by proposing rules to limit outbound investment in various sectors of the economies of several US adversaries, most notably with China, but then several others in select technology. The scope of this has grown over the last several years as these rules have been under development.

And so, there's opportunities for harmonization. And this is important because what we know in the context of Iran or Russia or whichever malign actor we're discussing is that these are transnational problems where financial flows go from one jurisdiction to the next and there's illicit transshipment. And so even with greater investment by the United States in tackling these challenges, shoring up our own capacity at home and doing the hard work of investigative efforts to combat sanctions of Asia and illicit transshipment, we know that our adversaries are going to these third country jurisdictions.

And so there's an opportunity I think for the United States to double down actually in committing to building up the institutional capacity of some of these countries, even within the G20, which are these larger economies that many people would oftentimes think have the capacity to take on the challenges of combating sanctions of Asia, creating greater trade enforcement for export controls and dual use goods. The reality is that there's a lack of political will to tackle the challenge and there's a lack of resources.

And so while we face a lot of these same challenges in the United States, there's also an opportunity for the United States to say through a credible commitment that we will work with our allies and partners to build up their own capacity in a way that creates greater financial integrity, but also serves this greater point of political fragmentation that's underway. So that's the high level perspective. And Joe, I'm happy to turn it back over to you. Maybe we can entertain some questions.

DOUGHERTY: That sounds good. Thank you, Max. Thank you Elaine, both for your excellent analysis there. For those that arrived a couple minutes late for the call, this is on the record. We will provide a transcript and a full video and audio link to you as soon as both are ready.

We are going to get to the Q&A section of the call now. You can use the Q&A portion of the Zoom link that you'll see below. You can also use the raised hand feature if you'd like to ask the question yourself. I will get the Q&A started and this one is for Elaine. If there's no joint communique from the meeting, does that mean that the meeting is a failure?

DEZENSKI: Not necessarily. I think that has probably been the litmus test in the past, but it's becoming harder and harder to reach consensus. And for example, China blocked consensus on the finance track back in September. So I think the better measure is whether new partnerships and potentially new mechanisms are emerging to take these discussions forward, whether it's in the context of the G20 or using the G20 as momentum to create that collective action around issues like overcapacity.

DOUGHERTY: We do have a question in from Andrea Shalal. She's with Reuters. Andrea, over to you for your question. You are unmuted.

SHALAL: Wonderful. Thanks so much for taking my question. I just wanted to ask you to reflect on what the dynamics are going to be given the election result that we just saw in Brazil. The US has been applauding the election of right-wing governments in other places. Obviously, Bolsonaro was in the US interest to or in the Trump administration's interest to see Bolsonaro's son win. Just curious whether you think that's going to put a spanner in the works as far as dialogue and discussions or whether it'll even come up? And then I just wanted to ask you on looking forward to the Leaders Summit, do you think that Zelenskyy will be invited to attend, or do you think that only Russia will be invited to attend? Thanks.

DEZENSKI: Thanks, Andrea. It's a good question on Brazil. I'm not sure how that's going to play out. On the one hand, we have not only the elections in Brazil, but recent elections in Hungary and even more recent elections in Serbia with some big changes there. So there are a lot of dynamics in Europe, in our own hemisphere, not to mention our own midterms.

So on Brazil in particular, this is from an economic perspective, from a trade perspective, from an overcapacity perspective, looking at how China is engaging with Brazil, we do have some pretty big equities, and it would be nice to see the relationship on a much more solid footing. But it's not clear to me that that's going to be reflected in the G20 conversation.

On Zelenskyy, again, I think we don't have the magic, the crystal ball to know that. It would certainly be a good sign. Maybe the Europeans are going to press for that as a counterbalance to Russia joining the conversation. Max, did you want to add anything?

MEIZLISH:

Yeah, I would just add on the Brazil points. It's not to comment one way or another on the election, but if you're working on a story regarding the election, it is notable, at least in the context of US engagement with Brazil, that they didn't sign the October 7th Joint Ministerial Statement. So perhaps there would be a shift that would be relevant in terms of Brazil recognizing the importance of combating over capacity and production.

And so, on the Ukraine front, I also don't know. I think it'd be good if Zelenskyy was included. I mean, it doesn't look like it's necessarily a good trajectory for that. Anything's possible, but right now with the US waiving sanctions on Russia with there being developments for a trilateral between the US, China and Russia before the Leaders Summit, it's unclear. So our hope would be that Zelenskyy is included and that the United States isn't making any sorts of commitments in the interim that would hamper the ability of Ukraine to continue defending its interests.

DOUGHERTY: Andrea, would you like a follow-up to those?

SHALAL: Yeah, just let me go back on Brazil for a second. So President Trump has taken a lot of umbrage at these moves by Brazil, India, and others to join forces. Do you think that gets some new momentum that Lula's reelection breathes new life into that, or does the coercive factor of US tariffs still keep India and Brazil in check?

DEZENSKI: I think it's going to add some pressure to the dynamic. I think that if you're referring more generally to the BRICS alignment and how that may play out as well, so with, for example, South Africa not being at the table; with India, it's a little bit of a mixed bag there. We don't have a trade agreement that is finalized. There's been, I think, some momentum on that, but I think they're sort of famously playing in the middle on a lot of issues. So will Brazil have some impetus to respond to US pressure, particularly in the economic domain? I'm not so sure that we'll see that coming out.

DOUGHERTY: Max, any follow-up there?

MEIZLISH: Not for me.

DOUGHERTY: Copy that.

MEIZLISH: Joe, you're muted.

DOUGHERTY: Thank you, Andrea. You can submit your questions by using the Q&A feature, and you can also raise your hand if you'd like to ask the question yourself. Max, I do have a follow-up question for you as well as for Elaine. I know CEFP has long talked about the importance of coalitions and working with allies. What are the opportunities for the US to lead in building these coalitions?

DEZENSKI: Max, you want to-

MEIZLISH: [inaudible 00:23:59]

DEZENSKI: Yeah, sure.

DOUGHERTY: Yeah, Max, over to you.

DEZENSKI: No, we both have a lot to say. Max, you go ahead.

MEIZLISH: All right. Well, look, Elaine's the lead author on the report that's the staple product for the Center, A Game Plan for American Economic Security. It's thinking through a set of big ideas, recognizing that there's a moment right now in time for the United States to shift the paradigm, thinking about what's possible in terms of economic coalition building, recognizing that there's a need for the United States and other partners to defend the ability for free markets to actually operate by pushing back against systemic aggression by non-market economies. And so, China is obviously the biggest case of that, but it's not exclusive to China.

And so, the idea would be to build up a system that we're referring to as a near global economy, thinking about the construct for creating a basis for countries to benefit from access to US capital markets and investment, intellectual property and innovation, and then creating a harmonization of efforts that are meant to push back against countries that are abusing the market, also through other forms of manipulation, not just trade barriers or subsidies, but looking at matters related to foreign labor abuses and the degree to which there's freedom, a rule of law in those countries.

So it's an opportunity to build and lead this coalition of a near global economy that can be open to any that are willing to follow these rules, and recognizing that there have been limitations in the past to how the United States actually flexed its muscles in organizations like the WTO or other mechanism where the US could have pushed back against some of these abuses. And so in our framing, and I think that there's a

MEIZLISH: A growing reflection on this need, which is that the US has these positive and coercive tools, and it should be using them in furtherance of safeguarding free markets. Because without that forceful hand and that corrective force that the US application of economic statecraft achieves, we're just giving space to more maligned countries to come in with these non-market practices. And that's why it's really important in the context of this ministerial statement, where the United States and several countries, an overwhelming majority of countries in the G20, agreed to pushing back on the matter of overcapacity. And it's significant that China wouldn't agree to this statement when it agreed to something so similar just 10 years ago. Elaine, over to you.

DEZENSKI: Yeah. Not much to add to that, other than maybe foot stomping the opportunity for the US. I do think there's a bit of a vacuum in this leadership opportunity for the US to come forward and really lead market economies into a new space. And we do talk about that in great detail in the Near-Global Economy piece that we put out in May, our Economic Security Game Plan. But I think we're seeing pieces of this starting to take shape.

So when I look at the 15 countries that signed on to the statement on overcapacity, that's a huge step forward, even though it's not a consensus statement. When I look at the "non-paper" that France and Germany put out, expressing their concerns about overcapacity, very much in alignment with what the US government has been talking about. When we look at what the quad is going to be discussing, including resilience around supply chains and critical minerals, these are all efforts that are meaningful, in terms of bringing market economies to the same place.

Getting to alignment can happen in lots of ways. I think we would like to see the US take a stronger role in bringing these market dynamics and market players into the same space. But it is happening, albeit it's happening in kind of a fractured way at the moment.

DOUGHERTY: Thanks, Max. Thanks, Elaine. What should journalists on the call here be looking for on the sidelines of this meeting? Is there anything going on or anything in particular that you are concerned about that might come out of the upcoming meeting?

MEIZLISH: I think just to... Oh, go ahead.

DEZENSKI: Yeah, just a quick thought here. I mean, I think there's just a lot of concern about Russia being in the conversation and what's happening on the sidelines, what is actually being discussed there, perhaps not as part of the official agenda. So, that's a dynamic that everyone is going to be paying attention to.

I think that there's also some concern, and this gets to the earlier question from Andrea, about whether the priorities of the global south are being sidelined in the conversation, particularly around overcapacity when we look at the dynamics around emerging markets, what they're looking to do. Although, I would argue countries that are trying to move up the value chain in manufacturing and production like South Africa, like India, like Brazil in some cases, they also have much to lose if the overcapacity questions are not answered. But their relationship with a major manufacturer like China are going to look a little bit different than some of the more advanced economies. So, I think that's also playing out. Over to you, Max.

MEIZLISH: Yeah, I think that the big win would be if the United States were able to lead in some sort of agreement, perhaps not a consensus agreement, but some significant agreement with allies and partners regarding responses to coercion in strategic sectors of the economy. It's just critically important that we couple this conversation of supply chain resilience with the response to economic coercion, because both are important, both need a response right now. And I think it's a bit easier to form the coalition around supply chain resiliency than it is to be speaking in an open manner about how countries will communicate about coercion in the same domain.

DOUGHERTY: Very good. I think we've got all the questions answered, so we can look to wrap up the call.

I'm going to ask the two of you, let's look forward. We've got meetings coming up in December and probably some at the start of the year. What does what's going to happen this coming weekend, how does it set the stage for future meetings? And what should journalists be looking for as they cover this and looking to the future? Start with Elaine.

DEZENSKI: Sure. So I think we'll be looking for whether there's measurable progress coming out of some of these key priorities from the US on innovation, on energy security, supply chains, other things we've talked about. Will there be some additional agreement around statements and texts that set up the conversation in December to be a bit more focused on a win for the US agenda? It's really unclear if we look at where things are now, but I think we should keep our eyes open for maybe some additional momentum on forced labor. Maybe the US can get a few more countries to sign on to consensus around addressing forced labor issues. On the overcapacity, I think it's going to be hard to see a pathway to a consensus.

It is interesting to note that there's some precedent being set here with respect to who's at the table and who's not at the table. And we talked about Russia, we talked about South Africa. Going forward, will that create a precedent that other chairs of the G20 then use for their advancement of conversations and prerogative? Maybe. So, that's something to think about in terms of what some of the legacy might be from 2026 in the US presidency.

DOUGHERTY: Max, let me drop in another question here from Andrea, and then we'll get back to your final looking forward thoughts. Andrea, thanks for your follow-up here. Can you reflect on what changes you expect under UK leadership next year? Also, given all these alliances outside the G20, does the grouping have any legitimacy or purpose at all? That's a direct question.

MEIZLISH: I'd be curious if Elaine had thought on the UK from a macro perspective.

I will note that the UK is a really important jurisdiction for combating a wide range of illicit finance challenges. And so there's been a great degree of action by the United States, sometimes in partnership with the UK, sometimes acting alone, to tackle Iranian sanctions evasion that's occurred through the UK. And so, yeah, I'm not quite sure one way or another if there's any changes in the UK government that might shift a posture on that, but it's a very important partner. Treasury works closely on sanctions investigations that relate to illicit financial flows moving through the UK. And so, that is something that I would be looking to see if maybe there's a greater degree of cooperation. Again, it's interesting that some of these actions that Treasury takes involving entities in the UK are done in partnership with the UK counterparts and sometimes they're not. And so in the context of Iranian sanctions evasion, there's obviously a lot more to be done outside of the context of any particular operation, economic outcast, maximum pressure. This is a sustained fight, so there's obviously more room for cooperation.

And then on the other question about alliances outside the G20 and if the G20 has legitimacy or purpose, I actually think that there's a great degree of value in demonstrating where the consensus is versus it not occurring. Right? So there's a great degree of value in seeing that China was unilaterally essentially disagreeing or creating a basis for consensus to not form, and that provides an opportunity for the US to actually lead and demonstrate where there is greater degree of support along these lines of geopolitical fragmentation.

So ideally, you would have the G20 be a forum for consensus, but I think that where the meat and potatoes is, you're going to see the response from the lack of consensus being driven by the United States where it has an opportunity to engage with allies and trade partners, in a really almost beautiful way of seeing the split screen of where the consensus is and then where the United States and its partners are.

DEZENSKI: Yeah, I agree with all of that. To the extent that the US is looking to shift global economic dynamics to make permanent shifts in terms of addressing trade imbalances, the first thing we need to do is make sure that market economies understand what the problem is. And that I think has been a successful outcome of the conversations or some of the conversations within the G20. Showcasing what the problem is, trying to get some initial alignment around addressing overcapacity as a major global structural challenge that is a threat to all market economies. So, I think that has actually been a good outcome from this year. We've seen some progress, even though it doesn't take the shape of a consensus.

So from that angle, I don't think that the G20 is without value. Maybe I would describe it as the G20 and other multilateral organizations are evolving, in terms of how we're going to be engaging with them, what the limitations are, but also where the opportunities are to highlight some of these major issues, even if it ultimately doesn't prove to be the forum where all the solutions are coming from.

DOUGHERTY: And a common theme throughout, which you and Max have said is, US leadership is vital to this. Is that accurate?

DEZENSKI: Oh, without question, without question. There's been a lot of discussion about middle powers, [including] Mark Carney from Canada talking about we need the collective of middle powers, market economies to come together and fill the gap. I actually think that US leadership can align closely with that sort of convening of middle powers as well. The point is that market economies need to agree on what the structural challenges are, and then how we preserve the market forces and the market dynamics so that there is prosperity going forward. Otherwise, we're going to be looking at supply chain dependencies and the erosion of the consumer economies in a way that will be very difficult to address in the future.

MEIZLISH: Just a foot stop on that. The reality is that the last year has shown that this is actually happening. Right? The US, its trade partners, there's greater recognition, a shared understanding of where the distortions are and where the real problems lie. And so, of course it's not helpful when there's incoherence in policy, when maybe one side of the government isn't talking with the other and there's a seeming disparity between action. But when you look across

MEIZLISH: ... Us from the United States into the EU with some of our allies and partners. There is objectively a greater understanding from a shared perspective of what the problems are now than it was a year ago.

DOUGHERTY: We've talked about Asia, South Africa, Europe, South America. We haven't talked too much about the Middle East and Tom Watkins at The National brings that up. And I know, Max, you've been looking at the ongoing conflict with Iran. So he asks if you have any thoughts about what's happening there, what could be happening there in the coming weeks and how that might feature with the upcoming meeting.

MEIZLISH: I'm not expecting that Iran is going to be a major feature of the conversation from the foreign ministers. There's definitely opportunity for the US to press for more action. I mean, the United States it seems is doing a considerable amount behind the scenes in talking with partners. There's been talk now of some subpoenas being sent to European financial institutions. I believe at least one was publicly reported as going to a Greek financial institution. And so these partners have a major role to play in combating not only Iranian sanctions evasion, but all four forms of illicit financial flows that are moving through Western dominated financial institutions. I think that where there might be an opportunity to create greater harmonization, and we're at least talking about where avoiding potential risks from down the road is in the context of China's financial infrastructure that it's building.

And so we know that Chinese financial infrastructure through SIPs and other systems are designed to help obfuscate financial flows, create greater bilateral linkages between China and various countries. There's a great degree of financial connectivity between Chinese financial institutions and Iranian financial institutions. Bank of Kunlun is a great example here. Last year, the US publicly identified Bank of Kunlun and an Iranian financial messaging system is linking China and Iran for those purposes of evading sanctions. So I think that it would be wise for the United States to raise, likely not in a way that's going to create some sort of communique, but in a discrete matter with allies and partners, warning against the potential risk of joining into China's emerging financial infrastructure. Because what we know is that this infrastructure is being used to support a variety of bad actors.

Of course, there's legitimate trade flows moving through it. There's some operational efficiencies that create a competitive environment for the US in SWIFT and other forms of financial infrastructure to modernize and create a more compelling business operating environment. But by and large, the US has an opportunity to create a sense of risk in the Chinese infrastructure and perhaps to slow adoption of some financial institutions abroad from participating, which would also have the effect of reducing Reminbi internationalization. So I think that if the conversation around Iran is going to come up, it's probably going to be with respect to shutting down some of these illicit financial flow channels and potentially cutting off some direct or indirect dealings with Chinese banking institutions.

DOUGHERTY: China, Russia, Iran, North Korea wasn't mentioned, but, Elaine, there's three of the four members of the axis of aggressors that you addressed in the recently published FDD book. Can you elaborate a little bit more on that and the three of those actors and how that might come up during the G20 foreign ministers meeting?

DEZENSKI: Yeah, I would characterize it as follows. The axis of Russia, China, North Korea, and Iran is, I mean, in a way it's becoming sort of omnipresent in terms of the impact of how these four countries are increasingly working together on the military front, on the technology front, and more appropriate for our domain at CEFP, on the economic front. So as Joe mentioned, we just launched a book a couple months ago on the Axis of Aggressors. Chapter one is all about the economic dynamic across these four countries. And although we wouldn't describe it as any sort of formal alliance, we would describe it as a growing alignment, fractured as it may be, where we see the deepening of these economic ties. Max mentioned a bit of that around, for example, alternatives to US dollar clearing through the CIPS, a Chinese version of SWIFT. Russia has its version, Iran has its version. These are the kinds of alternative mechanisms that if they become part of an alternative [financial] architecture, it becomes a very convenient way to avoid sanctions, to move beyond the reach of US dollar transactions and US law for that matter.

It also makes it more difficult for our Western partners to impose sanctions on these countries as they continue to deepen their engagement. So I was recently talking to a group of banks and financial institutions in a jurisdiction that is kind of sitting in the middle. They have US dollar clearing through their central bank. They also have Chinese clearing through CIPS. And as flows continue to move into emerging markets for infrastructure investment, critical minerals, all the deals that are being done around the world, we really need to think about the impact of this access through these alternative mechanisms that may make it very difficult over time to understand how influence is playing out through these deal flows, through increased trade, et cetera. So this is really the key takeaway from the book. If we get to a point where this alternative architecture is really fueling a level of economic engagement across these four countries, and potentially others, we have a serious threat to the US financial system.

MEIZLISH: And, Joe, if I could just add one more point for that last question. While Elaine was speaking, I saw that a note actually went out from the State Department, a media note, and it was commenting that one of the topics that will be discussed relates to threats to freedom of navigation. And so I think that this is new. The folks on the call might know better, but I think that this is new for an agenda item for the discussion coming up this week. And so there are opportunities for the US to work with partners, particularly when it comes to regulating and enforcing against fraudulent flag registries, which is really important for combating the shadow fleet, both from the perspective of Iran and Russia. A lot of EU partners have also, and the UK, have been stepping up enforcement against shadow fleet vessels, sometimes moving to board them based on fraudulent flags, based on potential threats to the maritime environment because these ships are so old and pose risks of spill.

And so it's good to see that this is actually on the docket and there's a lot of areas where the United States can help lead in this regard. There's already the Proliferation Security Initiative, which is, it's a couple decades old. It came out from 9/11 where the US has created a coalition essentially where there's shipboarding agreements where the US and other partners can board ships flying a number of different flags for the purposes of combating WMDs. And so early in the second Trump administration, there were some reports about whether the administration was going to use PSI to go after Iranian sanctions evasion on the basis that these financial flows from the oil sales can then go and be used to proliferate weapons and develop Iran's illicit nuclear program. So there's actually a lot there that could be done, and I wouldn't be surprised if there's a commitment, probably not involving China or Russia, but by some of these states with whom the US actually has a lot of shared interest in combating the rise of the shadow fleet.

DOUGHERTY: Excellent way to bring up a timely topic there. Max, thank you for that. Elaine, thank you for your terrific analysis. To the journalists on the call, thank you so much for joining us for today's call. We know that you had a lot on your schedule and you chose to spend time with us, so thank you. We will have the video link out to you, should be within an hour and aiming to have the transcript turned around and in your inbox within 24 hours. So please be on the lookout. A reminder that FDD is a nonpartisan research institute focused on national security and foreign policy. If you'd like to reach out and chat with Elaine or Max directly, please reach me at press@fdd.org. Special thanks to Ellie Bufkin and the rest of the comms team for their great work in the background to make sure everything today went smoothly. Again, thank you for joining us today. This concludes today's call.